Assessing performance of SEZs

*286. SHRI MANOHAR JOSHI: Will the Minister of Commerce and Industry be pleased to state:

(a) whether Government has assessed the performance of Special Economic Zones (SEZs) in the country;

(b) if so, the details thereof; and

(c) the impact of global meltdown on the performance of SEZs in the country?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA): (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) and (b) In terms of provisions of SEZ Act, 2005 and SEZ Rules, 2006, SEZ units are required to submit Annual Performance Report and Developers are required to submit Quarterly Report on their performance. These are scrutinized/monitored by the Development Commissioners of the concerned SEZs.

(c) The impact of the economic meltdown on the performance of SEZs cannot generally be ruled out. However, exports from the SEZ during the first two quarters of the current financial year (2009-10) has been Rs. 89,750.75 crores as against the export of Rs. 48,838.20 crores during the corresponding period of the financial year 2008-09, registering a growth of about 84%.

The growth registered in the SEZs in investment and employment in September, 2009 with reference to September, 2008 has been indicated in the table below:—

	September, 2008	September, 2009	Growth (%)
Investment	Rs. 93,507.23 cr.	Rs. 1,30,341.62 cr.	39.40
Employment	3,62,650 persons	4,18,129 persons	15.30

SHRI MANOHAR JOSHI: Sir, I would like to know from the hon. Minister whether he is aware that the Maha Mumbai SEZ, which is promoted by M/s Reliance, had challenged the very existence of Reliance. The company went to the Supreme Court and the Supreme Court has ordered the withdrawal of this particular writ petition. I would like to know whether the hon. Minister is aware as to what the company has done and whether the Government is going to ask the company not to come back to the Government on the same issue.

SHRI ANAND SHARMA: Mr. Chairman, Sir, the hon. Member will appreciate that the question is about the assessment of SEZs in the country and the impact of global meltdown. It is not a company specific SEZ question. I can inform the hon. Member, as I have given in the written reply about the status of SEZs in the country and the positive impact on India's exports as well as on generation of employment, that we have, in the country, 570 SEZs which were

given approvals. Each approval is given only if the State Government has recommended and approved. These decisions are taken by the State Governments and we have in-principle approvals for 147 SEZs and 101 SEZs are operational. There has been a significant improvement, both in exports and employment. The SEZs, currently, employ more than 4,18,000 people, the exports last year were close to Rs. 1,00,000 crores from the SEZs and this year, in the first six months, we are reaching close to Rs. 90,000 crores.

SHRI MANOHAR JOSHI: Sir, Would the Minister be able to give information to the House as to how many SEZs exist today and how many existing SEZs have been cancelled?

SHRI ANAND SHARMA: Mr. Chairman, Sir, I have already given this information just now that formal approvals was given for 570 SEZs, inprinciple approval for 147 SEZs and there are 101 SEZs which are operational. I have given the details of the employment generated and the amount earned in exports. Sir, just for the benefit of hon. Member, Shri Manohar Joshi, I would also like to mention that there is a regular review of the functioning of the SEZs by the Development Commissioners. All operational SEZs are required, it is mandatory, to give a quarterly report about what is imported into the SEZs even from the domestic tariff area, what is consumed and what are the stocks. And there are penal provisions if there is a violation of the policy. As far as the Government of India is concerned, only the Board of Approval gives the approval on the recommendation and on the approval of the State Governments.

SHRI RAHUL BAJAJ: Mr. Chairman, Sir, obviously, exports are a major determinant and more the exports more the investment and employment will take place. Hence, Sir, my question to the hon. Minister is this. Now that most of these SEZs have been established for some time and settled down, why do not we make a requirement, I am not trying to be unfair to the SEZs that their exports should be at least, two, three, four, five times their imports. Today, foreign exchange neutrality is the only requirement and there could be many companies I know where only three per cent of that is exported. So, why do not we make a tougher but a reasonable requirement for exports to see that the country is benefited? The main purpose of these things are exports which, in turn, lead to investment and employment.

SHRI ANAND SHARMA: Sir, the hon. Member knows about industries and SEZs; these are export zones. So, primarily, what is manufactured, what is produced in the SEZs is meant for exports. I have given the details of the export earnings which are very encourageable. The SEZs also help in attracting investments and new technologies, and creating infrastructure.. Sir, it is a matter of policy that all the SEZs have to give a bond and a legal undertaking, and within five years, there has to be substantial foreign exchange earnings. It is part of the policy. *...(Interruptions)...*

SHRI RAHUL BAJAJ: What about the foreign exchange neutrality? *..(Interruptions)..*

SHRI ANAND SHARMA: No, no; it is the positive net foreign exchange earnings; otherwise, they attract penal provisions. Currently, 84 per cent of the turnover from the SEZs are physical exports.

MR. CHAIRMAN: Question Hour is over.